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## Work of the Group of Experts on the United Nations Programme in Public Administration and Finance at its fifteenth meeting

### Report of the Secretary-General

*Summary*

The present report contains the main findings and recommendations of the Group of Experts on the United Nations Programme in Public Administration and Finance at its fifteenth meeting, held at United Nations Headquarters from 8 to 12 May 2000, which was devoted to the theme "Globalization and the state". The Group of Experts deliberated on the effects of globalization on the role and functioning of the state and its responses, institutional and managerial, to attain maximum benefits and minimal negative consequences of globalization. In further consideration of the marginalization effects of globalization, the Group of Experts also addressed the process that affects national and global economic governance systems. A number of recommendations were made.

As mandated, the Group of Experts reviewed, commented and made recommendations on the draft medium-term plan for 2002-2005, subprogramme 7.8 (Public administration finance and development). It also reviewed the current programme budget for 2000-2001 and made recommendations for the next biennium's programme budget.

* E/2000/100.

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Lastly, the Group of Experts commented and made recommendations on major undertakings by the Division for Public Economics and Public Administration, Department of Economic and Social Affairs of the United Nations Secretariat, namely, the United Nations On-line Network of Regional Institutions for Capacity-Building in Public Administration and Finance, a report entitled "The state of the public sector", the proposed Africa charter on public administration, and improvements in relationships with other United Nations funds and programmes, particularly the United Nations Development Programme, in the area of public administration and development.

## Contents


| | | *Paragraphs* | *Page* |
|---|---|---|---|
| I. | Introduction | 1–3 | 3 |
| II. | Recommendations | 4–27 | 4 |
| | A. Recommendations requiring action by the Economic and Social Council | 4–11 | 4 |
| | B. Recommendations brought to the attention of the Council | 12–27 | 5 |
| | 1. Recommendations requiring action by the United Nations system | 12–19 | 5 |
| | 2. Recommendations requiring action by Governments | 20–27 | 6 |
| III. | Work of the Group of Experts at its fifteenth meeting | 28–125 | 6 |
| | A. Globalization and the state: overview | 28–40 | 6 |
| | B. Institutional response to globalization | 41–52 | 9 |
| | C. Managerial response to globalization | 53–74 | 11 |
| | D. Globalization and economic governance | 75–95 | 14 |
| | E. Summary of discussion on public sector indicators | 96–102 | 18 |
| | F. Summary of discussion on the draft charter of the civil service in Africa | 103–106 | 19 |
| | G. United Nations On-line Network of Regional Institutions for Capacity-Building in Public Administration and Finance | 107–110 | 19 |
| | H. Presentations by the United Nations Development Programme and the World Bank | 111–114 | 20 |
| | I. Review of the United Nations programme in public administration and finance | 115–125 | 20 |
| Annex | | | |
| | Revised text for the proposed medium-term plan for the period 2002-2005, programme 7 (Economic and social affairs) | | 23 |

# I. Introduction

1. The fifteenth meeting of the Group of Experts on the United Nations Programme in Public Administration and Finance was held at United Nations Headquarters from 8 to 12 May 2000. The Economic and Social Council, in its resolution 1199 (XLII) of 24 May 1967, decided that the United Nations programme in public administration and finance should from time to time be reviewed by a meeting of experts, taking into account the public administration aspects of all programmes of the United Nations system, and that their report should be submitted for consideration to the Council. Pursuant to that resolution, the Group of Experts has been convened on a biennial basis and has acted as a functional commission of the Council in the field of public administration and finance.

2. Following the resumed fiftieth session of the General Assembly on public administration and development (15-19 April 1996) and guided by General Assembly resolution 50/225 of 19 April 1996 the thirteenth and fourteenth meetings of the Group of Experts were held in New York in 1997 and 1998, respectively, to assist in the implementation of the decisions taken by the General Assembly during its resumed fiftieth session as contained in its resolution 50/225. At its thirteenth meeting, the Group of Experts focused on issues of redesigning the state and modernizing state institutions to face the new emerging challenges. At its fourteenth meeting, the Group of Experts concentrated on public policy development and implementation. The Secretary-General submitted a report (A/53/173-E/1998/87) on the implementation of General Assembly resolution 50/225. At its fourteenth meeting, the Group of Experts recommended that the Secretary-General conduct a five-year assessment of the progress made in the implementation of the resolution and that his findings be reported to the Assembly through the Council in the year 2001. The General Assembly endorsed that recommendation in its resolution 53/201. The overall orientation of the United Nations economic and social sector is strengthening international cooperation and promoting development in a rapidly globalizing world, with deepening interdependence among nations. Given the unique position of the United Nations in addressing the issue of globalization of the world economy, the Group of Experts at its fifteenth meeting therefore focused on the theme "Globalization and the state", considering how globalization affects the role and functioning of the state and the types of responses, whether institutional or managerial, which are appropriate to maximize the benefits and minimize the negative consequences of globalization.

3. Against this background and within the framework of the implementation of General Assembly resolution 50/225, the Group of Experts deliberated on the following principal issues relating to the interface between globalization and the state:

(a) Globalization and the state: overview. The Group of Experts discussed broadly the elements/ processes of globalization and their impact on society, especially the state, private sector and civil society, the state's response to the globalization process, globalization and global institutions, and the preparedness of national forces for globalization (see ST/SG/AC.6/2000/L.5);

(b) Institutional response to globalization. The discussion focused on the nature of the institutions within which people work and contribute to human development. It also deliberated on the experience of globally aware Governments which have created or altered institutions to scan the rapidly changing environment, to promote policy invention and policy dialogue, to speed up decision-making and to embrace short-term failures in favour of creating long-term sustainable strategies (see ST/SG/AC.6/2000/L.6);

(c) Managerial response to globalization. Governments in developing countries face the challenge to continue efforts to stabilize the state and at the same time adapt to globalization. The role public service employees have to play in responding to globalization was examined in this plenary discussion, in terms of both strengthening the managerial capacity of the State for social and economic growth and creating an enabling environment for civil society to flourish (see ST/SG/AC.6/2000/L.7);

(d) Globalization and economic governance. The Group of Experts also addressed processes that affect national and global economic governance systems. It was determined that there is a need to adapt national economic governance systems in order to take advantage of the positive potential of economic globalization and to avoid potentially negative effects. It was concluded that this requires changes in national policies, institutions and management systems (see ST/SG/AC.6/2000/L.4);

(e) Public sector indicators. At its fourteenth meeting, the Group of Experts had recommended that the United Nations programme in public administration and finance elaborate a framework for the collection of internationally comparable data on the public sector. A paper on public sector indicators was therefore submitted to the Group of Experts at its fifteenth meeting in response to that request (see ST/SG/AC.6/2000/L.2);

(f) Country profiles in public administration. Pursuant to General Assembly resolution 50/225 and the recommendations of the Group of Experts at its fourteenth meeting, the Division for Public Economics and Public Administration, Department of Economic and Social Affairs of the United Nations Secretariat, in collaboration with the International Institute of Administrative Sciences, launched a survey on essential information at the country level with a view to understanding the current situation and historical background of public administration in developing countries. Sample profiles were submitted to the Group of Experts at its fifteenth meeting for its review and comments (see ST/SG/AC.6/2000/CRP.2);

(g) Review of the United Nations programme in public administration and finance. The Group of Experts at its fifteenth meeting reviewed, commented and made recommendations on subprogramme 7.8 (Public administration, finance and development) under programme 7 (Economic and social affairs) of the draft medium-term plan for the period 2002-2005. It also commented and reviewed the subprogramme's revised programme budget for 2000-2001, and made recommendations for the programme budget for 2002-2003. In addition to these items, there were presentations on a draft charter for the public service in Africa, the United Nations On-line Network of Regional Institutions for Capacity-Building in Public Administration and Finance (UNPAN), and the ongoing strengthening of cooperative arrangements between the United Nations programme in public administration and finance and other entities of the United Nations system, including the United Nations Development Programme (UNDP) (see ST/SG/AC.6/2000/L.8).

# II. Recommendations

## A. Recommendations requiring action by the Economic and Social Council

### Recommendation 1

4. The Group of Experts recommends that the proposed medium-term plan for the period 2002-2005 of subprogramme 8 (Public administration, finance and development) of programme 7 (Economic and social affairs) be adopted with a number of changes, as reflected in annex I below.

### Recommendation 2

5. The Group of Experts recommends that its sixteenth meeting be held during the first quarter of the year 2002 and that the number of experts participating be maximized, possibly by shortening the meeting, in order to achieve a wider geographical representation.

### Recommendation 3

6. The Group of Experts recommends the proclamation of a United Nations public service day to celebrate the value and the virtue of service to the community at the local, national and global levels, with prizes to be awarded by the Secretary-General for contributions made to the cause of enhancing the role, prestige and visibility of public service.

### Recommendation 4

7. In view of the crucial importance of economic and social development issues relating to institutional and managerial development, the Group of Experts takes the view that its relations and interactions with such principal organs and intergovernmental bodies as the Economic and Social Council should be greatly reinforced, and that the deliberations of the Council on matters concerning economic and social development could greatly benefit from the input of the Group of Experts. To make this more effective, it recommends that the Council review the status and reporting arrangements of the Group of Experts.

### Recommendation 5

8. The Group of Experts recommends that the United Nations establish appropriate mechanisms to provide the opportunity for ministers and/or high-level officials of Member States responsible for public

administration to meet periodically to discuss themes of common interest and exchange experiences.

**Recommendation 6**

9. The Group of Experts recommends that the Council, through its subsidiary bodies, undertake comparative analysis of national economic governance systems and examine best practices in order to assist national strategies for efficient economic governance.

**Recommendation 7**

10. The Group of Experts recommends that the Council include in its agenda discussion on issues related to economic governance, and provide policy guidance for the global economic governance regimes established for the different functional areas administered by the specialized agencies.

**Recommendation 8**

11. The Group of Experts recommends to the Council that serious consideration be given to expand on the work already done by the African ministers of public service, and consider drawing up a United Nations model charter of public service.

## B. Recommendations brought to the attention of the Council

### 1. Recommendations requiring action by the United Nations system

**Recommendation 9**

12. The Group of Experts strongly endorses the preparation by the Department of Economic and Social Affairs of a recurrent publication on the state of the public sector, which would contain basic data on the public sector, country public administration profiles and analysis of emerging issues relating to the public sector.

**Recommendation 10**

13. The Group of Experts recommends that the United Nations collect, analyse and publish data on the public sector on a regular basis, with appropriate analysis of changes and trends, including data on public sector employment, expenditure by all levels of Government, and tax expenditures in this connection.

**Recommendation 11**

14. The Group of Experts recommends that in the preparation of the five-year assessment of the implementation of General Assembly resolution 50/225, information on the advancements made within national public sectors be collected from Member States by the Secretariat. It also recommends that Member States consider designating high-level officials responsible for public administration to take part in the discussion of the report.

**Recommendation 12**

15. The Group of Experts supports the initiatives taken to enhance synergy, cooperation and coordination between organizations of the United Nations system in the area of public administration. It also notes the positive outcome of the consultations for cooperation and coordination between the Department of Economic and Social Affairs, UNDP and the United Nations Educational, Scientific and Cultural Organization (UNESCO). Moreover, it welcomes the presentations made by UNDP and the World Bank on their activities in this field.

**Recommendation 13**

16. The Group of Experts recommends that the United Nations provide support to African Governments in the development and implementation of their charter on public service at the national level, and find ways and means to support and encourage similar initiatives in other regions.

**Recommendation 14**

17. The Group of Experts fully supports and endorses the plan of action of the development dividend project on the United Nations On-line Network of Regional Institutions for Capacity-Building in Public Administration and Finance as a mechanism for cooperation utilizing information technology in this field. It stresses the need to deepen the impact of the project by strengthening the capacity of national ministries and national schools and institutions of public administration in developing countries and countries in transition to access data, information and training through information technology.

**Recommendation 15**

18. The Group of Experts recommends that the United Nations assist national Governments in acquiring the necessary negotiating capacities to prepare for negotiations of global economic governance regimes.

**Recommendation 16**

19. The Group of Experts urges the United Nations to assist national Governments in adjusting their national economic governance systems (policies and institutions) in response to globalization, including by providing support for policy development and implementation capacities in developing and transition economies.

### 2. Recommendations requiring action by Governments

**Recommendation 17**

20. The Group of Experts recommends that all developing countries and countries in transition invest in the development of human and social capital, which represents the greatest source of wealth and most important factor for socio-economic development.

**Recommendation 18**

21. The Group of Experts recommends that all Governments, especially those of developing countries and countries in transition, accord priority to strengthening capacities in public policy formation and public service management.

**Recommendation 19**

22. The Group of Experts recommends that public servants be trained to operate on the national, subnational and international levels, and participate in leadership training. Governments should build a framework of public personnel structures, policies and career paths able to attract, retain, develop and motivate the right people and to direct their energies towards the public good.

**Recommendation 20**

23. The Group of Experts believes that Governments should take urgent concerted measures to reinforce the ethics infrastructure of their respective countries and to introduce a comprehensive set of mechanisms, including merit pay and performance benchmarks, to deal with corruption and generally raise the standards of public life, nationally and globally.

**Recommendation 21**

24. The Group of Experts urges national Governments to develop a strategic approach to and create the necessary capacities for public policy development in order to take advantage of the potential opportunities of economic globalization.

**Recommendation 22**

25. The Group of Experts recommends that national Governments develop regulatory capacities as a fundamental step to coping with the emergence of the imbalance between the economic and political space that limits national autonomy and sovereignty.

**Recommendation 23**

26. The Group of Experts recommends that national Governments, recognizing the increasing importance of the role played by multinational corporations as a driving force in the process of globalization, establish adequate institutional mechanisms for the cooperation between Governments and multinational corporations.

**Recommendation 24**

27. The Group of Experts recommends that national Governments consider the development of a coherent methodology and improve the availability and completeness of data on the public sector.

## III. Work of the Group of Experts at its fifteenth meeting

### A. Globalization and the state: overview

28. The final 20 years of the twentieth century have seen a revolution in governance and public administration, whose force is not yet spent. Driven by powerful factors, of which technological progress is one of the most tangible, instant communication, the lowering of trade barriers and liberalization of world capital markets have vested a new meaning to globalization, a trend which in reality is very old. During the 1980s and early 1990s, a policy consensus

which favoured privatization, deregulation, debureaucratization and decentralization often went hand in hand with a strong anti-state rhetoric and a campaign to check and to reverse the growth of government. In a major paradigmatic shift, the state and central government, which in the 1950s and 1960s had been widely perceived as necessary engines of socio-economic development, were now on the contrary portrayed in essentially negative terms.

29. During the past few years, there has been a discernible though gradual move away from such extreme positions. In its resolution 50/225, the General Assembly combined a call on Governments to strengthen their capacities in public administration and finance with support for market orientation. In 1997, the Group of Experts noted in its report on its thirteenth meeting (E/1997/86) that far from representing two adversarial forces, strong markets and strong states were truly complementary and necessary conditions for economic prosperity and social justice.

30. At its fifteenth meeting, the Group of Experts concurred with this position, which it used as a point of departure in its deliberations, underscoring the changing but enduring and pivotal role of the State in ensuring the performance of several critical functions which neither the private sector nor organized civil society could adequately discharge. Foremost among these tasks are the maintenance of law and order; the promotion and protection of human and property rights; the establishment and preservation of a level playing field and an enabling environment for private enterprise, individual creativity and social action; the establishment and maintenance of social safety nets; the empowerment of citizens for democratic governance; promotion and facilitation of a social dialogue at the national, subnational and international levels; and the mediation of disputes, mitigation of conflicts and reconciliation of rival cultures or interests in the increasingly diversified contemporary societies.

31. Last but not least, strong states are necessary to protect the children, the sick, the elderly and such other vulnerable segments of society, to combat the social exclusion of minority groups and to ensure a more equitable distribution of the amenities and benefits of civilization, which technological progress and globalization could make potentially accessible to all. Globalization is not a panacea. It carries many constraints but also opportunities, which, as experience shows, has not been equitably distributed around the world. Indeed, as the Group of Experts concluded, the very skewed distribution of benefits and costs, advantages and drawbacks that flow from globalization, both nationally and internationally, only serves to illustrate the importance of strong and intelligent states. A smart strategic state is needed to position a country in such a way that it can cope effectively with rapidly changing contingencies and harness to its advantage the winds of change.

32. The hasty retreat of the state in several parts of the world has left developing countries and countries in transition especially unprepared to deal with rapid transformations in an era of globalization. During the past decade, it has also contributed to the exacerbation of many of the world's most pressing problems. In the light of the most recent UNDP *Human Development Report* and also of the debate during the fifteenth meeting of the Group of Experts, these could be summed up as follows:

- A dramatic rise in poverty tied to the deterioration of the social capital;
- A rapidly widening gap between the rich and the poor, the powerful and the weak, the skilled and the unskilled and the networked and the isolated;
- A rise in organized crime and corruption;
- A deteriorating global physical environment.

33. In an era of increasing global interdependence, those trends are potential threats to the quality and vitality of democratic governance and also, in the long run, to economic stability and peace. In the course of the debate, a number of participants alluded to the danger of seeing states divided into two separate nations: the wealthy and the poor. The Group of Experts took the view that this danger could be averted through vigorous state action and global cooperation. In turn, this brought into focus the pivotal role of the state in engaging the international community in a concerted effort to address those issues effectively.

34. The Group of Experts called for synergy and greater complementarity of efforts on the part of Governments on the one hand and intergovernmental organizations on the other. It looked to universities and the academic community worldwide for new and innovative inputs to the debate on issues of great current concern. It favoured broadly based interdisciplinary approaches to the problems on its agenda and welcomed the participation of specialists in

economics in its fifteenth meeting, which in its view had greatly enriched the debate.

35. Vision, openness to change, receptivity to new ideas and also sensitivity to pressing human needs and political awareness are, according to the Group of Experts, essential to facing the challenges of the twenty-first century. From the last decade, humanity has inherited a range of problems which are not going away. There is now a growing consensus that the policies pursued during the 1980s and early 1990s has not only not contributed to the solution of those problems but has often made them worse. According to the World Bank, the number of the people subsisting on less than a dollar a day rose by 3 per cent from 1996 to 1998 and now stands at 1.3 billion.

36. This legacy and predicament bring into sharp relief the magnitude and complexity of the problems confronting developing countries and countries in transition. They serve to demonstrate the dangers of quick fixes, reductionist approaches, and overreliance on narrowly technocratic solutions. Furthermore, they have induced growing acceptance of diversity of methods and strategies in lieu of the notorious "one size fits all" solutions. Thus, at a high-level Organisation for Economic Cooperation and Development (OECD) gathering on the government of the future, senior government officials from 27 member States and representatives of major international organizations recently discussed how different cultural and political circumstances required different approaches.

37. The Group of Experts concurred with this view. It also warned, however, that customized approaches pose a major challenge to Governments in terms of the diagnostic tools, policy-making capacity and institution-building needed in order to conduct exploration, broadly based cooperation and consultation with social and business partners, national and international. The United Nations system of organizations could facilitate this process through technical assistance and information-sharing. The initiative, however, needs to come from Governments, which is predicated on strong political leadership and commitment at home.

38. Discussion of this point highlighted the complexity of the task of capacity-building, which emerged from the fifteenth meeting of the Group of Expert as the number-one priority for all developing countries and countries in transition. A very elusive concept, capacity-building could be defined as the combination of human resources development and institutional reinforcement. For Governments and also for political and social organizations in the developing countries and countries in transition, it means making concerted efforts to shore up the potential for management and problem-solving. It calls for funds of knowledge in several different fields, high-level technical skills, integrity, superior ethical standards, professionalism in government and in the public service, versatility and interpersonal competences that take on great importance in the dynamic, varied and otherwise demanding socio-economic environment in which the public service must operate today. However, some additional dimensions need to be considered in this context and included in the framework of programmatic activities in support of capacity-building in the developing countries and countries in transition. One is the need to give a higher profile to the issue of sound governance; another is the importance of building social and human capital.

39. The Group of Experts took the view that countries would be empowered, by means of better governance and more effective management, to move away from the sense of the inevitability of globalization with a limited role for the state, and also to develop a clear response to what would be required to ensure that any drawbacks from globalization are obviated and the advantages capitalized upon for the benefit of all. A strong intelligent state is a proactive state. It is also a state that acts to include, integrate and bridge the yawning gap between the rich and poor, the powerful and the weak, the skilled and the unskilled.

40. A strong intelligent state is one that puts into practice integrity, transparency and accountability. It is a competent state able to build strong partnerships with business, labour unions and civil society organizations, nationally and internationally. It fosters local initiative through the devolution of functions to lower-level actors, and also has capacity to steer and regulate. It stresses connectivity both to the civil society and to the global community. According to the Group of Experts, the above might be considered by some as an overambitious agenda. However, in its view, the magnitude and complexity of the issues and problems confronting the international community at the threshold of the twenty-first century demand nothing less. On the contrary, in the words of one of the

participants, it requires a visionary administration. In this spirit, the Group of Experts stressed the need to raise the profile of the public service profession and called for the institution of a public service day to celebrate the value and the virtue of service to the community, both nationally and internationally.

## B. Institutional response to globalization

41. In discussing the institutional response to globalization, the Group of Experts focused on the following questions: (a) how globalization is influencing government institutions; (b) how Governments are restructuring themselves to respond to globalization; (c) what lessons can be learned from the different government responses; (d) what recommendations can be made for institutional strengthening in order to respond effectively to the opportunities and dilemmas of globalization; and (e) how national-level institutions can be open, future oriented, responsive, disciplined, linked to citizens, and make space for the private sector and civil society.

42. Present-day globalization is a unique convergence of technological, economic and political forces of daunting power and influence, having a massive impact on all aspects of public and private life in economic, social, political and cultural affairs at the global, national and local levels. As it influences States and their partner actors, it is also exploited and shaped both positively and negatively by those with the foresight and resources to appropriate its power. Yet so diverse and overwhelming is globalization's manifold influences that no one group or sector can control or stop it. As such, it has been responded to and manipulated by a range of actors in the public, private and civil society sectors, is instigated by good and bad motives and has benefited some social and economic groups, but has hurt others who have become more vulnerable and disempowered due to its influence. This dichotomy can be seen clearly by delineating globalization's very different impacts in developed and developing/transitional countries, and equally if not more so by noting the unequal power relationships it generates in any given State between those who have access to global markets, knowledge and technology and those who are without. States, sectors and interest groups within States are grappling with responses in a variety of ways, the success of which appears to be conditioned primarily by their resources and preparedness, or conversely by the lack of preparation in developing timely, effective strategies for response.

43. The Group of Experts observed that Governments which have been proactive towards globalization have the following characteristics: they (a) adopt openness to uncertainty, ambiguity and change; (b) adhere to accountability; (c) see the future; (d) adopt a proactive approach to globalization; (e) foster governance that is based on trust; and (f) address capacity needs. The emphasis is not on stronger or weaker Governments but on smart Governments, which have strategic institutions that deal with globalization among many things, and can have permeable borders and flexible partnerships between the private and public sectors, as well as among national, international, local and central levels of government.

44. The discussion noted that political, administrative and economic reforms need to be linked in order to respond effectively to globalization. However, given the diversity of countries in terms of their economic, social, political, cultural and technological situations, the ways Governments have to respond to globalization's challenges will obviously vary greatly. It is clear that the state has to be strengthened (yet strengthened in different ways) in the developing countries and countries in transition more than in the developed countries. In developed countries, the comparable need for reform has led to a major evolution of the state. Yet where the state is less sophisticated, there are more challenges and problems in consolidating the institutions in ways that assure their integrity as well as in reforming or redesigning them to meet the exigencies of globalization. Reforms have succeeded at different levels in different countries (both developed and developing) depending on the capacity of institutions to champion them. There is a paradox in that the countries needing reforms most are the ones with the weakest capacities.

45. One way to deal with such a paradox is for the government to consider and analyse first how globalization is affecting the role and functioning of the State and then undertake a careful evaluation of the country's needs and priorities. Following that, each country must elaborate its own types of responses, institutionally and operationally, in order to maximize the benefits and minimize the negative consequences. Clearly, neither the United Nations nor any other intergovernmental organization can give a one-size-fits-all solution or any magic formula but can only

suggest and/or propose potential strategies and reform paths through methodological approaches and tools that seek to uncover what are the essential functions that the state needs to fulfil, at what level, and to what extent. These questions can be suitably answered not in the abstract or aggregate but only in relation to the private sector, civil society, the national and international environment, inclusively.

46. The Group of Experts noted some key prerequisites for states to develop capacities for effective response to globalization, including: (a) active involvement of the political process with the administrative process and machinery in understanding and responding to globalization; (b) a real degree of orientation to change by the leaders and implementers; (c) the capacity to uphold and promote basic economic and social rights for all citizens, which directs the ultimate aim of governance towards the reduction of inequalities between different social, economic, regional and ethnic groups, and also regulates the use or misuse of economic and political power; and (d) the ability to perform the core functions of maintenance of law and order; adherence to rule of law; transparent, accountable democratic practices; creating an enabling environment for business and growth; and alleviating inequality and addressing the special needs of the poor, marginalized and vulnerable.

47. Within this context, it was suggested that key questions need to be posited, including the following questions. What institutional arrangements are appropriate for managing globalization? What resources are necessary for sustaining reforms? What performance indicators should be used to monitor and evaluate reforms? It was also suggested that appropriate institutional arrangements and their improvement must be followed in the context of the following guidelines: (a) promoting democratic governance by strengthening institutions of governance and norms of responsiveness, equity and accountability among politicians; (b) emphasizing the doctrine of service and vocation among public officials and servants; (c) carrying out a benefit and risk analysis of globalization to weigh the cost-benefit and elucidate the risks of political instability, economic risks of higher unemployment, marginalization and poverty exacerbation, and social risks of downgrading social capital and the public service; (d) ascertaining the various components of legitimate representation of the poor/marginalized and their access/influence; and (e) being aware not to denigrate the public service/public servants and aware of the manner in which to constructively confront States, as fragile States may be inadvertently destroyed by overly destructive attacks.

48. It was noted that an overly technocratic or purely economic growth approach to institutional development divorces the institutional strategy from the socio-economic and political environment which it is meant to serve. Such approaches divest the State institutions of the contextual elements of their relationship to the most vital social issues of human degradation, poverty and widening social and economic inequality, which press especially on developing countries and which States must address concurrently. It was acknowledged that such strategies will not solve problems of poverty and may in fact exacerbate inequality, making it ever more essential to invest in education, health, the reinforcement of social capital and enhancing governance capacities. Similarly, a caveat was expressed regarding the undermining of States' moral and actual authority by the unquestioned ascendancy of the market economy and, more dangerously, prevailing attitudes towards this ascendancy, which have legitimized the abdication of the State in crucial areas from which the State should not retreat.

49. The Group of Experts discussed the issues surrounding the globalization of expectations in various sectors: political (human rights, democratic action etc.), environmental, economic (poverty reduction, inequality elimination) and social (trust, social capital and loss of cohesion). The state has a unique role and responsibility in mediating and fulfilling these expectations. Leaders should listen and respond carefully to the expectations in the process of shaping and channelling them towards realistic, achievable goals. Interest groups articulate what they want without considering what it will cost the community as a whole. Therefore, the role of the state is to balance and manage diverse expectations and demands in ways that satisfy groups' needs for inclusion and participation in the decision-making and goal-setting process.

50. The Group of Experts observed that the strategies for institutional responses must be fundamentally based on democracy consolidation, the rule of law and a participatory approach in order to achieve the conceptual and operational reappropriation of the state

mechanism by its citizens and the inclusion of all the national stakeholders and components.

51. The Group of Experts concluded that Governments that seek to follow the above strategies and to be globally aware and proactive may find it useful to focus institutional development on the following specifics: (a) creating and strengthening institutions to manage change; (b) supporting dedicated think tanks and policy planning units; (c) learning from experiences of others; (d) creating and strengthening inclusive, participatory, decentralized decision-making institutions (both within the institution as well as in their interface with the public); (e) commitment to efficiency, timeliness, effectiveness and openness; (f) developing and strengthening institutions for generating income, growth and internal markets; (g) creation and strengthening of efficient structures to provide social services; (h) promoting access to technology and Internet; (i) creation and strengthening of focal points in departments to interface with the outside institutions; (j) creating and strengthening capacity to negotiate to deal with disputes and foster a culture of dialogue; and (k) developing institutions based on political pluralism, inclusiveness and professionalism.

52. There was a consensus that globalization without credible democratic institutions, especially in developing and transitional countries, runs the risk of creating or supporting unsustainable environments which breed political instability, civil insecurity and corruption. The credibility of governance institutions is wholly dependent upon them being accountable, transparent and people-oriented, which is crucial for something no less important than world progress, peace and economic and social development.

## C. Managerial response to globalization

53. The managerial response to globalization encompasses technology, innovative systems and processes of work organization, and user-friendly methods of public service delivery. Information technology has revolutionized the ways that government works, opening up possibilities for a dramatic increase in the efficiency and effectiveness of the public sector in general. However, the Group of Experts took the view that the critical dimension in Governments' response to globalization lies in building the capacity of their human resources. To make such development possible, human resources development and institution-building are the key to the success of the state's managerial response to globalization. All else was predicated on this fundamental prerequisite.

54. The Group of Experts noted that Governments have a critical role in preparing their societies to thrive in light of the globalization challenge. Public services are responding to globalization by reforming themselves in different ways from the past. The role public service employees have to play was examined both in terms of strengthening the managerial capacity of the State for social and economic growth and in creating an enabling environment for civil society to flourish.

55. The concept of public service applies to multiple levels of government (supranational, national, local) and encompasses elected and non-elected officials as well as governmental and non-governmental organizations. Critical challenges faced by public services in dealing with globalization include coping with increased complexity and ambiguity, changing values and professional behaviour, increased competition for knowledge workers, increased concern for respect of human rights and equal opportunity issues, and the need for strong leadership and vision.

56. In terms of management systems, the Group of Experts focused on the impact of technology revolution on systems and relationships. It cautioned against the common mistake to consider management innovation as only advancement of technology with disregard for processes and procedures, which are as important as technology. It further emphasized the need to introduce an innovative management culture to develop and use sustainable management tools and practices in the public administration of developed and developing countries.

57. On the managerial response to globalization, a public administration needs to make politicians and civil servants more autonomous yet more accountable. This does not mean pitting one group against the other. Rather, accountability should be exercised through such means as well-functioning parliaments, sound audit procedures, management contracts and general social control; and in order to achieve these ends and successfully adapt to globalization each country needs to find its own way. A country should not rely too much on external advice but rather learn from others

and consult internally through national debates. The ultimate responsibility rests with each country alone.

58. In Eastern and Central Europe, countries have gone through basic transformation, consolidation, modernization and more recently adaptation. Their case was used to highlight some lessons learned. In particular, the "big bang" approach was dismissed as being counterproductive as well as the experimental approach. The conclusion was that it is best to learn by doing and to adopt a more demand-led approach, taking into account the specific environment and culture and using domestic expertise. Personnel policies have been bottlenecks in Eastern Europe. This should change as younger generations move into the public service.

59. When it comes to service delivery and security, globalization is providing opportunities rather than problems when it comes to fighting illiteracy and crime. By introducing new technology, States can accelerate development by using new training methods, accessing remote areas and population as well as developing their policy analysis capacity by using more relevant information in their economic, fiscal and investment and even social policies. The increased linkages with universities and the private sector (transnational companies in particular) can also help in this regard.

60. The Group of Experts' exploration of managerial response to globalization yielded a rich menu of contents and ideas. There was pronounced agreement on the fact that globalization is not value free. Rather, like a force of nature, it has benefited those countries which have had the capacity to harness it towards developmental ends; it has proved detrimental to those that were caught unprepared. Participants also pointed out that there is not one globalization but many, and not one path to modernization and progress but many. However, most agreed that the trend is here to stay and represents a challenge and a responsibility that States cannot afford either to ignore or shirk. The problem which presents itself to States begins with the necessity to define the challenge precisely and draw the right conclusions in terms of public policies. There was a broad consensus in favour of using the sociopolitical, cultural and economic environments of each particular country, region or subregion as the point of departure in the analysis of needs and the design of solutions, for each particular case.

61. However, capacity to engage in such in-depth analyses of country needs and to design solutions, in terms of public strategies, policies and programmes, is scarce. It has been said of Africa that civil services are critically understaffed at the policy development and managerial levels; they are only overstaffed at the bottom of the pyramid. Of the former Soviet republics, it was mentioned, characteristically, that the fall of the Communist state had left a "capacity desert". In large parts of the world, it was no exaggeration to speak of a deep crisis affecting not only the civil service profession but public service itself. According to the Group of Experts, this crisis represents a most important challenge that countries in transition and developing countries especially need to address most urgently. Its recommendations flow from this basic finding.

62. As a first step in planning for overall capacity-building, the participants suggested the constitution of a competent strategic force capable of engaging effectively in weaving the future. It was emphasized that planning for the future should not be considered as a purely intellectual and technocratic exercise. In addition to technical inputs, a major role should be given to the political leadership, the business community and even to representatives of NGOs. It must be stressed that the role of civil society is critical but complementary to that of a democratically elected government which truly represents the general will and interest. The Group of Experts emphasized that for civil society to operate effectively and in the public interest, it must act transparently and be accountable at all times.

63. Participants confirmed that human resources development and institution-building are closely interdependent. The process should begin with redesigning the role of the state and modes of state intervention. Indeed, even the form and the structure of the state cannot be those of the past. The centripetal, bureaucratic state of nineteenth century Europe is totally inappropriate in an era of democratization and globalization. Rather, in light of developments during the past two decades, we should envisage a state operating on three interacting levels: the national or federal (as in the past); the provincial or local (largely along the principle of subsidiarity); and the international, driven by proliferating international regimes (World Trade Organization ((WTO) etc.) but

also supranational (as in the European Union (EU) and other regional entities).

64. Public servants should be trained to operate on any of these three levels. Most important, in this regard, is the need for leadership training. Another major cause of the weakness of the Governments of developing countries and countries in transition is the scarcity of world-wise economists and specialists with knowledge of the working of international agreements, treaties and regimes, as well as technical skills. *Mutatis mutandis*, much the same could be said of decentralization, which has not always yielded the expected results, largely on account of the dearth of qualified personnel.

65. On the national level, again downsizing has taken its toll. In many developing countries, it has accelerated the weakening of the state and added to the brain drain, not only to the private sector and NGOs, but also to the West. This brain drain must be stopped. Due to the critical needs of most developing countries and countries in transition, a critical priority consists in building a framework of public personnel structures, policies and career paths able to attract, retain, develop and motivate the right people and to direct their energies towards the public good. The right people in this context are people in possession of both the needed competencies and skills and the appropriate values, attitudes, and ethical standards. Once again, it should be stressed that a simple framework would not fit all country needs.

66. The discussions revealed a remarkable convergence on a number of key points. First, regarding attitudes, values and ethical standards, the Group of Experts expressed concern at what has been described as the spreading threat of corruption, which is becoming a way of life in too many countries, and urged Governments to reinforce the ethics infrastructure of their respective countries. On the political level, corruption carries with it the appropriation of the public domain for mostly private purposes. On the civil service level, it is often motivated by salaries so low and so infrequently paid that public servants are forced to choose between service to their country and meeting their families' basic needs. Experience throughout the world corroborates the dictum that a cheap public servant can cost the state a lot.

67. However, the Group of Experts warned that raising salary levels of public officers will not yield proper results and may be counterproductive if it is not accompanied by a commensurate rise in performance levels. First, raising performance levels demands concerted action through (a) pre- and in-service training; (b) mobility and rotation; (c) ending the patronage system; and (d) recruitment, posting and promotion strictly on the basis of merit (with allowances for affirmative action).

68. Second, regarding competences and skills, human resources management and development policies must highlight rewards for performance and merit in both monetary and symbolic ways. In devising their own systems, countries should explore the relative merits of (a) centralized vs. decentralized systems, and (b) tenure vs. forms of outsourcing which are practised in different (mostly developed) countries. One thing is certain: to restore professionalism in the public service, the state must stop being an employer of last resort.

69. Third, the new public servants must develop new interactive skills, which their predecessors neither required nor exhibited to the same extent. These include mediating, negotiating and interpersonal skills, the ability to include and integrate a much wider diversity of actors in the decision-making process, language skills and technology literacy.

70. Fourth, and most important, given the scarce resources for training purposes, priority training areas must be established by Governments, which may include: policy development capacities; resources management capacities (including financial and information resources); and capacities for public service delivery (education and health in particular). The Group of Experts also noted that training should not be limited to civil servants but should also include politicians and members of civil society. It is hoped that, in the process, a shared sense of value of the public service may re-emerge after a period in which such values were totally subordinated to private gain and greed.

71. There was convergence of view among participants on these issues:

- The need for continuous learning, global skills and exchange of experience;

- The concern for the losers in the process of globalization: those who cannot change and will be left on the side;
- The danger for information technology (IT) to lead to virtual government, resulting in limited contact with civil society;
- The necessity to communicate broadly outside and inside so that the state can mediate the expectations of citizens and partners exposed to the global media;
- The difficulty and need at the same time to retain qualified people and to compete with the broader environment for scarce specific skills.

72. The Group of Experts expressed strong support for the need to restore a more satisfactory balance between the personal life and work of public servants. Human resources development was seen as predicated on giving public servants time to think, explore and interact both locally and globally. The Group of Experts expressed concern that with the advent of electronic governance, the virtual civil servant and outsourcing, the state might be reduced to such an extent that it would lack capacities to anticipate and regulate the IT revolution. The state will be vulnerable if it is unable to evaluate technical trends for lack of skills and capacities. It might have to rely on the very organizations that it was supposed to regulate.

73. The Group of Experts repeatedly expressed strong scepticism about "one size fits all" solutions, and emphasized the importance of customized approaches to meet the diverse needs of individual countries. The United Nations can help in the design of guidelines, checklists, case studies and other reference tools for use in developing countries and countries in transition. Similarly, "perception surveys" may be applied to gauge the quality of service delivery or the dimension of such problems as corruption and patronage, as viewed by the private sector, service-users or the public servants themselves. With a view to raising performance levels in the public sector at large, the Group of Experts stressed the need for proper monitoring and evaluation based on relevant benchmarks. It called for the development of training programmes which form an integral part of public servants' careers, prepare for change and underscore connectedness with the employees' environment, including sensitivity to the role of the media. It further emphasized the role of personnel policies that highlight the "three Ms": Merit, Mobility and Motivation, and thus reinforce both competence and ethical values in the public service. The United Nations can help, through policy advice and through information-sharing in the design of guidelines for such policies. The United Nations can also help Governments to develop frameworks, which respond and correspond to their several needs, as well as to divergent socio-economic and cultural environments. It can also act in support of efforts of national Governments to reinforce professionalism and also help develop a global standard for the public service.

74. The Group of Experts concluded the discussion by drawing attention to the following key concerns:

- Civil servants are both in charge of implementation of the government strategy and the first ones to suffer from the impact of reforms. They are the keys to the success of these reforms. How can we ensure they support the change rather than undermine it?
- Training has proved at the same time valuable in the past and a waste of resources when trained individuals have not returned to the civil service. What should be done for training to be a useful tool for the administration to adapt to globalization efficiently?
- Civil servants are key to the success of harnessing the benefits of globalization in the public administration: what strategy should be adopted to attract the best and retain them while promoting equitable opportunity as a model employer?

## D. Globalization and economic governance

### Key features

75. Following the report prepared by the Secretary-General, the Group of Experts discussed the relation between globalization and economic governance by focusing on conceptual approaches and issues in economic globalization and economic governance; the role of different economic governance institutions in economic management; and national and global economic governance regimes.

76. Globalization is not an automatic process but is based on conscious policy decisions by Governments.

Economic globalization, namely, the increased cross-border integration of nationally based economic systems, is driven by policy decisions in terms of liberalization of markets and technological developments. The key features of globalization are the increase of trade flows, foreign direct investment (FDI) and capital flows relative to nations' gross domestic product (GDP), as well as the integration of both product and capital markets across nations. Globalization can be considered fundamentally an economic phenomenon that has important implications in the political and social spheres. No single quantitative measure of globalization is satisfactory: even though some regions receive a minimal share of world FDI flows, that does not necessarily imply that they are not more open to world markets than they were 20 years ago.

77. Experts found that globalization differs from previous phases of integration on a number of aspects. First, the pace, the volume and intensity of cross-border transactions have increased dramatically (as shown by data on trade and other international flows); second, with the increased level of trade, there is an increased level of market penetration; consequently, producers even at the grass-roots level are now impacted by variations in world prices; third, even if FDIs are concentrated in a few regions, other regions of the world get portfolio and other short-term flows which significantly impact the policy autonomy of both managers and public officials; fourth, an important feature of globalization is the emergence of the global market, which can be operationalized in terms of global prices. With the increased level of integration of markets, the price levels in most categories across most countries now fluctuate in a much narrower range.

78. Last but not least, multinational corporations (MNCs) are a new important actor on the global economic stage. MNCs have fragmented their value chain across countries, and since the volume of intra-firm trade (i.e., trade between two subsidiaries) now exceeds arms-length trade, the ability of MNCs to impact resource allocation is enormous and significant. In addition, the increased salience of MNCs means that not only are the final-product markets integrated cross-border but the intermediate-product markets are as well. It is true that MNCs flows, i.e., MNCs foreign direct investment flows, are concentrated in a few regions. However, this does not mean that other regions are not globalized, as they indeed compete for inward FDI flows in the global marketplace.

79. Economic governance is defined as the organization of collective action with respect to the economy. It comprises the institutional environment in the form of legal and regulatory frameworks; the specific governance institutions, such as market hierarchies and networks (firms, States, markets and other networks); the organization of economic transactions; and the scope and form of government intervention (different public policies).

80. Recent discussions have focused on the selection of adequate governance institutions, especially the respective roles of the state and the market in economic governance and the core economic functions of the state. The Group of Experts noted that there has been a trend towards the use of markets as governance institutions, the reduction of the role of the state as an economic governance institution and a neglect of the relative importance of the institutional environment. These trends are primarily based on neoclassical economic theories and the focus on efficiency criteria. It suffices to mention public choice theory, principal agent theory, and institutional economics, with its focus on transaction costs. The state as economic governance institution is considered to be burdened with distortions in the political process, such as rent-seeking and bureaucracy.

81. The trend towards the use of the market as a governance institution has been manifested in: privatization, marketization and deregulation policies; privatization and contracting out of previously public sector functions; increased use of quasi-market mechanisms and contracts for organizing public sector activities; and efforts to reduce public revenue and spending levels.

82. The perceived economic role of the state and the scope and form of government intervention have been limited to the correction of specific market failures, such as monopolies, externalities, the need for the provision of public goods, asymmetric information, some limited redistributional tasks and the provision of adequate legal and regulatory frameworks.

83. A balanced assessment indicates that (a) the role of the state in providing the legal and regulatory framework has been underestimated; (b) the need to correct market outcomes through distributive polices has been ignored, and this has led to growing

inequalities; (c) the importance of social security systems and social safety nets as basic state functions has been underestimated; and (d) the role of the state as economic governance institution has been neglected: while there is a shift to a more regulatory role of the state, not everything can be organized through markets. The practical results of reforms in transition economies and developing countries along these lines have reaffirmed the important role of the state in economic governance.

84. As far as economic governance is concerned, both States and markets need to be considered as relevant institutions within the economic governance system. States are the main actors in establishing the characteristics of markets. A new trend in governance mechanism — that is neither market nor state — is the emergence of associative networks integrated mainly by economic actors voluntarily grouped and endowed with self-regulatory capacities. These networks can play a key role in the context of the adaptation of national governance systems to globalization. They can corrupt markets, corrupt States and disrupt competition but they can also be agents of fair development. What determines whether they are agents of market corruption or agents of development depends to a great extent on the capacities of States to regulate and govern these self-regulating actors (regulating self-regulation). The institutional capacity of the state is key to bringing about a positive outcome in the interplay between governance institutions.

**Key issues**

85. Experts pointed out that two factors are important in understanding the aetiologies of globalization. One category of the aetiologies of globalization is technology. However, just focusing on technology leads to the trap of being technologically determinist. Merely focusing on technology and affirming that politics is subsidiary to technology and economics means treating politics as a secondary phenomenon. That is clearly wrong. Therefore, the second factor, which is important in understanding why globalization happened, how and when, is to understand the policy changes, both in the domestic political economy as well as in the international political economy.

86. Economic globalization or deepened economic integration affects the national systems of economic governance in terms of the need to adjust national policies and institutions. The Group of Experts noted that it is very important to stress the limitations that nation States face in the context of globalization but it is equally important to stress the opportunities that arise and the effects globalization will have on nation States. Institutional capability, which can help States to respond to globalization, is in short supply in the developing world, and there are doubts that it will be available in the short term. Weak States that do not even have the adequate capacity in the realm of internal regulation are also weak at the international level. States that are often captured by economic interests distort the balanced reflection of divergent national interests. Institutional empowerment at the local level should also be given adequate attention, as a counter-process to globalization.

87. A key issue raised by the Group of Experts related to the effects of economic globalization upon national sovereignty and autonomy in public policy decision-making. National policies, institutions and policy instruments used to be primarily geared towards national territorial markets. With the emergence of global markets, the effects of existing national policies are limited. A clear example of this is in the realm of taxation and social policies. This leads to a certain restriction of the national autonomy in public policy decision-making. The economic and political geographies now often differ, so Governments do not exercise the degree of sovereignty over their economic territories that they used to. Certain asymmetries emerge between the political and economic space on which States exert sovereignty.

88. In addition, there is an increasing salience of other forms of governance structures. Therefore, in any analysis of how to cope with globalization and the impact of globalization on governance it is necessary to consider other forms of governance. However, it is important to note that Governments still matter, and to a considerable degree. Therefore, in emphasizing other forms of governance the Group of Experts did not wish to underestimate the role of Governments. Governments continue to be important in a number of ways that are discussed below.

89. The adjustment of national economic governance systems is necessary but not sufficient to cope with economic globalization. International responses can take different forms, such as standard-setting, policy coordination and harmonization. The theoretical option of a world government is not feasible for legitimacy

and efficiency reasons. Real supranational arrangements, such as the EU, are still very limited.

90. The only viable options are therefore intergovernmental agreements that establish global economic governance systems (international economic regimes). Such global economic governance regimes establish the principles, norms and rules for international cooperation in functional areas of international economic relations but also establish norms for national (behind the border) policies. These global regulatory regimes are administered by international organizations. The General Agreement on Tariffs and Trade (GATT)/WTO trade regime is the most prominent case. Regimes relating to finance, investment and competition are still fragmentary. The Group of Experts raised the issue that international taxation arrangements may be considered beyond current bilateral arrangements. If national Governments are unable to exercise economic sovereignty, national Governments should even more actively explore the possibility of intergovernmental arrangements. Such issues as transfer pricing, which often Governments cannot control on their own, or tax havens need an active international solution. This is important because if Governments lose revenue, they lose their capacity to provide public goods and carry out social policies.

91. Actors in global economic governance include Governments, international economic regimes (institutions), and the private sector, particularly MNCs. While the role of MNCs as a driving force in the process of globalization is recognized, doubts remain as to which are the roles that both States and international regimes can play in the shaping of the global economic governance system.

92. While global economic governance regimes mentioned above are viable options to deal with the issues of economic globalization, there are a number of issues that need to be addressed:

(a) The national positions often reflect disproportionately the interests of influential commercial groups, especially MNCs. A dysfunctionality is to be found in the fact that key players are often not formally represented in economic regime negotiations;

(b) The agreement on principles, norms and rules often reflect primarily the interests of economically dominant States. Developing countries' interests are often neglected in view of the asymmetry of power. The governance mechanisms (voting, decision-making) are often geared towards the interests of strong countries (an example: weighted voting in the International Monetary Fund (IMF); even the WTO one country, one vote and consensus principle often does not guarantee a balanced reflection of divergent national interests);

(c) Developing countries face serious and increasing difficulties regarding negotiating capacities due to a lack of duly qualified human resources;

(d) The transparency of decision-making is often insufficient. The participation of representatives from civil society (NGOs) needs to be considered. These global economic governance regimes, while not perfect, are the only viable alternative. They offer States, especially the weak ones, an opportunity to participate in international rule-making.

93. In a conclusion, state capacities can be classified into three different dimensions: (a) the regulatory dimension; (b) the servicing dimension; and (c) the enabling dimension. The Group of Experts stressed the regulatory/institutional dimension of the state as the key to capacity-building in the context of globalization. The state needs a strong regulatory capacity as a basic element. The enabling dimension of the state plays a key role in the adaptation of national sectors to globalized markets. These capacities are closely related to the economic functions of the state, basically the regulatory function and the redistributive function. As the experience of developed countries shows, there exists no clear correlation between the degree of openness of national economies to world markets and the reduction or limitation of the welfare state. Therefore, globalization should not be viewed as a process that inevitably leads to the dismantling of the servicing or welfare state.

94. Globalization stresses the important role of institutions, both domestic and international. Efficient institutions will contribute to efficient price formation. The focus is to understand which institutions are dysfunctional, which ones are functional and how the dysfunctional institutions can be reformed, changed or replaced. Dealing with globalization also means that more markets require more governance. Markets do not function in a vacuum. Markets need structure to function, namely governance institutions. Additionally, prices are social constructs, because they are determined by markets that themselves are social

constructs. So in policy analysis, when we are talking about getting the prices right, we also have to ask why some prices equilibrate at certain levels and not at others. This is important, because more than 70 to 80 per cent of world markets are oligopolistic. Eight to 10 producers can hold 80 to 90 per cent of market shares. Therefore, in a world of increasing oligopolists, it is important to understand why we get some prices and not others.

95. The Group of Experts made some broad suggestions. One suggestion was that we have "contested" markets. The Group of Experts did not use the word "competitive" because it had an ideological connotation. It used the term "contested" because the processes of liberalization and deregulation are not an end unto themselves. If through privatization a government monopoly is replaced by a private monopoly, this does not increase efficiency. In which case, what is needed are contested markets.

## E. Summary of discussion on public sector indicators

### Public sector indicators

96. The Meeting discussed the above theme on the basis of a document entitled "Public sector indicators" (ST/SG/AC.6/2000/L.2). The document addressed four questions:

(a) How can the size of the public sector be measured in theory?

(b) How can it be measured in fact, given the constraints of existing data?

(c) What accounts for observed variations in the size of the public sector?

(d) What type of data can provide a reasonable picture of the public sector in a given country?

The document focused on the past decade, specifically on the beginning of that decade (1990) and on the year 1997, the latest year for which data are currently available for a broad range of countries.

97. The report presented a number of conclusions. Measurement of the total impact of the state on society is a difficult task, but it is possible to measure some aspects of the size of the public sector. The expenditure approach, which requires knowledge of government taxation and expenditure levels, was indicated as the best measurement of the public sector. This is valid in theory. The actual measurement presents myriad problems related essentially to data availability, comparability and quality.

98. Despite the poor quality of available data, statistical tests on determinants of the public sector size produced interesting results: When government is measured by employment or by consumption expenditure, there is strong evidence of economies of scale in the provision of services, but no evidence that the amount of government services is affected by the extent that a country is integrated into world markets. When government is measured by central government expenditure, it is its integration into world markets (globalization) that determines size, with no evidence of economies of scale. Moreover, the relationship between globalization and government expenditure is positive and persists when one looks at changes in expenditure and changes in globalization over the last decade rather than their levels at the beginning or end of a decade.

### Issues concerning public sector indicators

99. A number of experts commented favourably on the report by the Secretariat on public sector indicators. An expert from Latin America detailed the effort that has been made in that region to assemble data on public sector employment. The response from Governments in the region has been poor, and the statistics available suffer from the fact that they lack inter-country comparability. To cite an example, some countries include while others exclude from recorded government employment those teachers and medical doctors who are paid by the hour, week or day rather than by the month or year.

100. On the basis of the importance attributed to the issue of public sector indicators, experts agreed that it is extremely important to develop a coherent methodology and improve availability of data on the public sector. The quality of the data is also of utmost importance in order to allow inter-country comparability and time-series analysis.

101. Experts pointed out the importance of collection of data on government employment. However, consideration should also be given to expenditure by all levels of government. Data on local government are not available for many countries, and in many countries lower levels of government are responsible for

education and health, with the result that these social expenditures are missing from central government statistics. It would also be useful to collect and analyse data on tax expenditures.

102. Finally, experts considered that it would be useful to publish data on the public sector on a regular basis with appropriate analysis of changes and trends.

## F. Summary of discussion on the draft charter of the civil service in Africa

103. In introducing the draft charter for the public service in Africa on behalf of the African Ministerial Working Group, El Houssine Aziz, Minister of Civil Service and Administrative Reform of Morocco, noted that through this document the African countries wish to inculcate in the public service the values and behaviour required for dealing with current economic, social and technological challenges in this new era of globalization. Apart from the preamble, the charter is composed of three sections: (a) general provisions aiming at improving the effectiveness and legitimacy of the public service, and its relationships with the users; (b) a code of conduct of public servants, aimed at enhancing the integrity and ethics of public service employees; and (c) final provisions, dealing with mechanisms of implementation and follow-up. It was noted that the document was still a draft to be adopted later by the Pan-African Conference of Civil Service Ministers.

104. In the course of the discussion, the participants unanimously observed that the draft charter was a very good initiative and congratulated the African Ministers for the work undertaken. However, they drew the attention of the Ministers to the following points: (a) the necessity to include in the preamble references to the African specificities and prevailing conditions; (b) the danger of including provisions in the charter for the declaration of assets and illicit enrichment; (c) the need to be more precise and detailed on civil servants' remuneration and working conditions; (d) the need for making the provisions of the charter applicable to political and/or public officials; and (e) the need to review the provisions for the political neutrality expected from the public service employees.

105. The above points were discussed and Minister Aziz, as well as Geraldine Fraser-Moleketi, Minister for Public Service and Administration of South Africa and Ousmane Batoko, Minister of Civil Service and Administrative Reform of Benin — both members of the African Ministerial Working Group — gave further clarifications on these comments. They also reminded the participants that this draft charter was a document of consensus, elaborated in a participatory and progressive approach. Finally, they informed the Group of Experts that they would report to their colleagues in the Working Group on all its comments and suggestions.

106. In concluding the discussions on the charter, the participants made the following recommendations:

- The United Nations should support the African Governments in the implementation of the charter and in its utilization at a national level, after its adoption;
- Once adopted, the charter should be disseminated within countries in order to widely inform the public;
- Given its importance, the Department of Economic and Social Affairs could use the charter as a reference to support similar initiatives in other regions;
- Based on available documentation and data on public administration worldwide, the Department of Economic and Social Affairs should consider elaborating an international charter for the public service to be endorsed by the Economic and Social Council.

## G. United Nations On-line Network of Regional Institutions for Capacity-Building in Public Administration and Finance

107. It is extremely difficult to appreciate any popular definition of globalization without first recognizing its most important component: information. Access to information leads to acquisition of knowledge and the ultimate realization of benefits resulting from globalization. However, without even basic access to information, many developing nations become more vulnerable to one of globalization's adverse consequences: the digital divide and ultimately the widening of the gap between the haves and have-nots. To assist countries, particularly developing countries, in building or improving their capacity to access,

manage and exchange the information that is so critical for efficient public sectors and effective policy development, the Division for Public Economics and Public Administration was entrusted with the responsibility of developing, initiating and managing the first global On-line Network of Regional Institutions for Capacity Building in Public Administration and Finance (UNPAN). This initiative is financed through the Development Account of the United Nations programme budget.

108. On 12 May 2000, at the plenary session of the fifteenth meeting of the Group of Experts, the UNPAN programme was presented. Judging by the participants' enthusiastic and positive responses to the presentation, UNPAN, both in concept and in practice, was widely supported. It was firmly believed by the audience that an information and knowledge network, such as UNPAN, can be a vital asset to decision makers and public officials. The position that the UNPAN system should soon become fully operational was the consensus reached by the Group of Experts.

109. As demonstrated at the fifteenth meeting, the user-friendly UNPAN web site will serve as both an information clearing house and a gateway to the numerous services and features that will be provided through the network made up of a number of regional and international institutions in public administration. The site, which is scheduled to go on-line in the immediate future, will have regional flavours and will include separate subsites for on-line training, technical advisory and conferencing services; a worldwide directory; publications; analytical reports; case studies; country profiles; statistical databases; features linking to specialized information sites, such as national legislative databases; direct links to UNPAN members; a calendar of events; and a chat room to facilitate the exchange of information by users.

110. The strengthening of regional public administration institutions and the exchange of expertise on a South-South basis was also particularly commended. In this respect, the Meeting of Experts stated the need to deepen the impact of UNPAN by strengthening national capacities through ministries, schools and institutions of public administration in individual developing countries and countries in transition to access data, information and training through information technology.

## H. Presentations by the United Nations Development Programme and the World Bank

111. The Director of the Management Development and Governance Division of UNDP provided the Group of Experts with an overview of UNDP activities in the area of public administration and finance, stressing how over the last 10 years the assistance programme of UNDP has been completely reoriented and rethought. The UNDP programme addresses three aspects of governance: political governance, economic governance and social governance. In addition, the concerns and the needs of three actors in the sector are being addressed: the state, the civil society and the private sector.

112. UNDP is aware of its advantages and constraints in implementing governance programmes, and uses various entry points to start its involvement in country governance programmes through strategic services, such as assistance in developing the capacity for national and local governance and in the management/coordination of resources.

113. The Group of Experts was also briefed by the Director of the Public Sector Management Network of the World Bank on the activities in the area of governance and public institutions, with special emphasis on the recent efforts by the World Bank to assist local government at the grass-roots level and to implement anti-corruption policies.

114. The Director described World Bank activities in a number of countries, with the evaluation of public-sector activities based on surveys of government employees and consumers of government services, and assistance through appropriate lending instruments, such as long-term lending for the improvement of governance capacity.

## I. Review of the United Nations programme in public administration and finance

115. As provided under the United Nations rules and regulations governing programme planning, the programme aspects of the budget, the monitoring of implementation and the methods of evaluation, as recommended by the Committee for Programme and Coordination, the Group of Experts, at its fifteenth

meeting, reviewed the medium-term plan for the period 2002-2005 of the United Nations programme in public administration and finance in the context of the medium-term plan for the United Nations programme on economic and social affairs. The Group of Experts agreed that the medium-term plan should be more outcome-oriented. It also strongly emphasized that the matters dealt with by the programme of public administration and finance should be of great relevance to Member States and that the Group of Experts should provide leaderships to Governments in these critical areas. They also suggested that a hierarchy of priorities and specific strategies be defined to provide greater guidance and support to the work undertaken within the context of the programme on public administration and finance. To this effect, the Group of Experts indicated that two key substantive themes should be given particular attention: (a) the strengthening of countries' policy development, institutional and managerial capacity to deal with globalization, and (b) the respective roles of the state and the market in the development process.

116. In the light of the discussion, the Group of Experts recommends that the text of the proposed medium-term plan for subprogramme 8 (Public administration finance and development) be revised as detailed in annex I below.

117. The Director of the Division for Public Economics and Public Administration also brought to the attention of the Group of Experts its programme budget for 2000-2001. The Group of Experts took the position that public administration and finance issues should be more visible in the context of the activities of the economic and social sector. It stressed the key importance of these themes in the context of the discussions of the United Nations intergovernmental bodies, such as the Economic and Social Council, as already emphasized in General Assembly resolution 50/225. The Group of Experts felt that the United Nations should provide the opportunity for ministers and/or high-level officials of Member States responsible for public administration to meet regularly to discuss issues of common interest, exchange experiences and innovations.

118. The Group of Experts was strongly in favour of the proposed recurrent publication, to be entitled *The State of the Public Sector*. They agreed on structuring the publication around three main components, i.e., basic data on the public sector, country profiles and thematic issues. It was greatly emphasized that such a publication would constitute an invaluable contribution to all countries and would fill a gap in the existing work being carried out on the public sector. The proposed country profiles to be included in the publication were strongly supported by the Group of Experts. In this regard, a number of recommendations were made as to their content and format.

119. The Group of Experts suggested that in order to collect reliable information on specific countries a network of regional focal points should be constituted. It was also recommended that the comparative analysis dimension be emphasized and that the profiles should not be self-standing. Furthermore, the Group of Experts agreed that countries should be asked for comments on the profiles in order to provide specific additional or crucial information to be included by the Secretariat. In addition, it was agreed that a distinction should be made between countries with a consolidated experience in public administration and countries that are in the process of creating public administration institutions. The Group of Experts expressed the view that the country profiles should be as much as possible organized and homogeneous in order to allow for comparisons.

120. Recommendations were also made with reference to the criteria to be adopted in deciding the theme of the future reports. Three basic criteria were suggested: (a) the chosen theme should meet the political interest of countries; (b) it should potentially be of universal interest; and (c) it should be forward-looking, dynamic and anticipate as far as possible future trends in public administration.

121. With reference to the theme of the publication, some suggestions were made, which included: (a) government and information technology, and (b) ethics in the public service.

### Five-year assessment of the implementation of General Assembly resolution 50/225

122. The Group of Experts recommended that information on the advancements made within national public sectors should be collected from Member States and included in the report to the General Assembly. Similarly, it recommended that the report indicate what accomplishments the United Nations had achieved in this area. The Group of Experts also took the view that high-level representatives should be encouraged to

attend the general discussion of this report and that technical parallel events should be organized on that occasion by the Secretariat without extra costs for the organization.

### Relationship with organizations of the United Nations system

123. The Group of Experts was extremely supportive of the idea of enhancing synergy, cooperation and coordination between the United Nations programme in public administration and finance, the United Nations funds and programmes, the specialized agencies and the Bretton Woods institutions. Such cooperation was viewed as a means to ensure that the substantive and technical capacity of the United Nations is optimized by avoiding duplication of interventions and by ensuring an efficient use of resources. Experts regarded cooperation as a particularly important tool to face the many challenges of globalization and as a better foundation in the area of public administration reform. They took note with appreciation of the imminent conclusion of a strategic partnership between the Department of Economic and Social Affairs and UNDP in the broad area of governance and public management.

124. This partnership is intended to strengthen linkages between the policies developed in the intergovernmental bodies, which the Department serves, and the country programmes, for which UNDP has the primary responsibility. This partnership will ensure that the two organizations are mutually supportive in this field, operate in a complementary and non-competitive manner, reinforce their respective mandates and activities and eliminate duplication of efforts.

125. The Group of Experts also took note of the forthcoming conclusion of a cooperative agreement between the Division for Public Economics and Public Administration and the Management of Social Transformation Programme (MOST) of UNESCO. This cooperative agreement would enhance the interface and exchange of information in the area of public policy development.

# Annex

## Revised text for the proposed medium-term plan for the period 2002-2005, programme 7 (Economic and social affairs)

**Paragraph 7.36**

Insert the following after the first sentence:

"Particular attention should be given to: (a) the strengthening of countries' policy development, institutional and managerial capacity to deal with globalization, and (b) the respective roles of the state and the market in the development process".

**Paragraph 7.37**

Add the following:

"(f) Interface and cooperate with organizations within the United Nations system in this field".

**Paragraph 7.38**

Replace the entire text with the following:

(a) Improved intergovernmental dialogue and facilitation of consensus-building and decision-making regarding the emerging consequences of globalization on the state.

(b) Broadened common understanding of and approaches to public management and changing Governments' capacities.

(c) Strengthened institutional and human resources for government capacities.

(d) Broader and deeper understanding of major effects of public administration and public finance on civil society.

(e) Improved interface and coordination between the intergovernmental and regional policy deliberations and operational activities of the United Nations system in the field of public administration, finance and development.

(f) Enhanced understanding of development of the Internet on the role of the State.

(g) Enhanced capacity to assess emerging vulnerabilities in government capacities.

(h) Improved understanding of complex regulatory practices for emerging global standards.

(i) Greater participation of governmental and non-governmental entities in the proactive work of the United Nations Programme on Public Administration and Finance.

**Paragraph 7.39**

Add the following:

"(d) The number and quality of analytical reports and publications on emerging issues in public administration and finance".